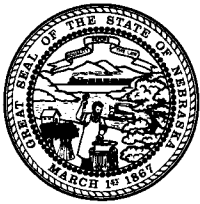


STATE OF NEBRASKA



Mike Johanns
Governor

DEPARTMENT OF ADMINISTRATIVE SERVICES
Lori McClurg
Director

MEMORANDUM

DATE: July 2, 2004
TO: All State Agencies, Boards and Commissions
FROM: Gerry A. Oligmueller, State Budget Administrator
RE: Budget Preparation Instructions for the 2005-2007 Biennium

This document includes instructions for the preparation of the following budget-related submissions: 1) operating and aid budget requests, 2) capital construction and building renewal requests, 3) modification budgets, and 4) information technology summary forms. These submissions must be made to the Department of Administrative Services Budget Division by Wednesday, September 15, 2004. A copy of the operating and aid requests, capital construction and building renewal requests, and modifications will be shared with the Nebraska Legislative Fiscal Office. A copy of higher education submissions will be shared with the Coordinating Commission for Postsecondary Education. Access to the information provided by agencies for the information technology summary will be shared with the Nebraska Chief Information Officer and Legislative Fiscal Office in electronic format. The Governor's budget recommendations for the 2005-2007 Biennium will be presented to the Legislature in January 2005, pursuant to Section 81-125, Reissue Revised Statutes of Nebraska, 1996.

In order to ease development of the information regarding agency vision, goals, and objectives, we have carried that information forward in the automated budget system from the 2003-2005 agency requests. We are requesting that State agencies review and revise their agency and program narrative information and prepare 2005-2007 budget requests that are consistent with their plans for service delivery and specific results for the 2006 and 2007 fiscal years.

Form 70-A – Agency Narrative has been changed to include an "Executive Summary" of the agency budget request that includes a comprehensive review of the budget request in total, budget request priorities, and significant issues. This information will be referenced and shared by the DAS – Budget Division and the Legislative Fiscal Office with the media and other interested persons as the agency-provided executive summary of its budget request.

Agencies are encouraged to provide as much text in the automated system and, consequently, the printed submission as is necessary to adequately explain their budget request and budget modifications as well as to provide summary information regarding their programs and activities.

Budget Division • Gerry A. Oligmueller, Administrator
State Capitol • P.O. Box 94664 • Lincoln, NE 68509-4664 • Phone (402) 471-2526
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The automated system does allow for entry of unlimited narrative information in the "not for publication" narrative sections.

The Legislature enacted changes to agency appropriations for FY2005 during the 2004 regular legislative session. The final revised and enacted FY2005 new appropriations as of July 16, 2004, will be used and should be reported in your budget request submission as the "FY05 Current Appropriation." Fund Analysis Report 102-A should also reflect all enacted adjustments to fund balances.

The changes to FY2005 appropriations enacted by the Legislature made permanent reductions in the base appropriation level for agency operations and aid. Any agency requests to "restore or replace" these permanent base appropriation reductions must be requested as a Budget Adjustment, as detailed in Section I, Part D of these budget instructions. Do not submit such requests as "Continuation Budget Requests" as detailed in Section I, Part C of these budget instructions. Budget Adjustment Narrative Report 70-BA should be used to provide the necessary explanation for such requests.

The budget modification process for the 2005-2007 biennial budget request requires that agencies with General Fund appropriations submit modifications at the 95% base level. It is our expectation that the 95% base level will generate thoughtful choices and priorities and that agencies will give serious attention to their identification of modification issues. Budget modifications represent the lowest priorities for continued or additional new funding within the budget request and will be considered as such during the budget process.

We ask agencies with cash or other non-General funds to be especially diligent in completing the "funds analysis" screens and that they provide narrative explanation in the program narrative screen for any situations where estimated annual revenues exceed estimated annual expenditures by an amount greater than seven percent for FY2007, or where the estimated June 30, 2007, cash balance exceeds twenty-five percent of FY2007 expenditures. If your agency determines that an adjustment of fees/charges would be advisable, narrative information should be included outlining any agency plans for making such adjustments.

The due date for finishing the agency-level comprehensive information technology plans is August 16, 2004. Instructions and forms are available on the NITC web site (<http://www.nitc.state.ne.us/forms/>). Agencies requesting funding for information technology must have a current plan on file. Please contact Steve Schafer, if you have any questions. He can be reached at (402) 471-4385 or by sending e-mail to slschafe@notes.state.ne.us. "

Thanks very much for your special efforts in preparing a quality 2005-2007 biennial budget request. The staff of the Department of Administrative Services Budget Division are prepared to answer your questions and assist you in the preparation and submission of your requests.